

## Low-Income Home Energy Assistance Program

The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), signed into law by the President on August 13, 1981, authorized seven block grants to be administered by the Department of Health and Human Services (HHS).<sup>1</sup> Since its authorization, LIHEAP has been reauthorized as follows:

- (1) Title XXVI of the Act authorized the Low-Income Home Energy Assistance Program (LIHEAP) for fiscal years 1982–84.
- (2) Title VI of the Human Services Reauthorization Act of 1984 (P.L. 98-88) reauthorized and amended LIHEAP for fiscal years 1985–86.
- (3) Title V of the Human Services Reauthorization Act of 1986 (P.L. 99-425) reauthorized and amended LIHEAP for fiscal years 1987–90.
- (4) Title VII of the Augustus F. Hawkins Human Services Reauthorization Act of 1990 (P.L. 101-501) reauthorized and amended LIHEAP for fiscal years 1991–94.
- (5) Title XX of the National Institutes of Health Revitalization Act of 1993 (P.L. 103-43) reauthorized LIHEAP for fiscal year 1995.
- (6) Title III of the Human Services Amendments of 1994 (P.L. 103-252) reauthorized and amended LIHEAP for fiscal years 1995–99.
- (7) Title V of the Coats Human Service Reauthorization Act of 1988 (P.L. 105-285) reauthorized and amended LIHEAP for fiscal years 2000–04.

<sup>1</sup> Effective in fiscal year 1987, the Primary Care Block Grant was repealed by the Health Services Amendment Act of 1985 (P.L. 99-80) enacted April 26, 1986.

Reauthorizing the LIHEAP program for fiscal year 1995 through fiscal year 1999, the Human Services Amendments of 1994, P.L. 103-252, made a number of revisions to the LIHEAP statute. The following changes became effective in fiscal year 1996:

- (1) Residential Energy Assistance Challenge Option (REACH) program. A new section 2607B was added to provide for the REACH program, which was funded for the first time in fiscal year 1996. REACH is designed to make competitive grants for implementation through local community based agencies of innovative plans to help LIHEAP eligible households reduce their energy vulnerability. REACH funds are available on a competitive basis only to LIHEAP grantees (states and the District of Columbia, Indian tribes/tribal organizations, and insular areas).
- (2) Assurance 16 activities. A new section 2605(b)(16) was added to provide for Assurance 16 activities. This provision gives grantees the authority “to use up to 5 percent of their LIHEAP funds, at their option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for emergency assistance, including needs assessments, counseling and assistance with energy vendors. . . .”

Under LIHEAP, grants are provided to grantees to assist eligible households to meet the costs of home energy. In addition to the 50 states and the District of Columbia, grants were provided in fiscal year 1996 to the Commonwealth of Puerto Rico, five insular areas, and 123 Indian tribes or tribal organizations. Fiscal year 1996 represents the seventeenth

year that an energy assistance program has been administered at the federal level by HHS.

In accordance with the Act, the Secretary of HHS has left maximum policy discretion to the states. Many requirements applicable to the predecessor program in fiscal year 1981, LIHEAP (P.L. 96-223), were removed, including HHS approval of state plans. The federal information collection and reporting requirements for states were substantially reduced to require only information essential to federal administration and congressional oversight. State decisions, directed by public participation in the development of grant applications, largely replaced federal regulations in shaping the program for fiscal years 1982–96.

## Funding

For fiscal year 1996, \$1 billion were appropriated for LIHEAP as advanced funding under P.L. 103-333. The Health and Human Services appropriations act for fiscal year 1996 (P.L. 104-134) rescinded \$100 of the advance appropriation, leaving a total of \$900 million. The \$900 million appropriation included \$22.5 million for the LIHEAP leveraging incentive fund. Twenty-five percent of the leveraging incentive grants (\$5.9 million) were awarded as REACH funds to six states and four tribes and tribal organizations. In response to the extraordinary cold wave during the winter 1995-96, LIHEAP grantees received \$180 million in emergency contingency funds authorized under P.L. 104-19. Fiscal year 1996 funds were distributed approximately as follows to LIHEAP grantees:<sup>2</sup>

- (1) \$1.07 billion to the states and the District of Columbia,
- (2) \$8.3 million in direct grants to 123 Indian tribes and tribal organizations, and

<sup>2</sup> Funds include regular and emergency LIHEAP block grants, leveraging incentive fund awards, and REACH awards.

- (3) \$1.4 million to the Commonwealth of Puerto Rico, Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands/Palau.

The funds appropriated for LIHEAP provide payments to eligible households for heating or cooling costs and for home energy crises. Up to 15 percent of the available funds may be used for low-cost residential weatherization or other energy-related home repairs. Grantees can request from HHS a waiver to allow up to 25 percent of available funds to be spent for low-cost residential weatherization or other energy-related home repairs.

To receive grants in fiscal year 1996, each grantee had to submit an application consisting of assurances by its chief executive officer and a plan describing how the state would carry out those assurances. In the assurances, the state agreed to:

- (1) use funds only for the purposes of the statute;
- (2) make payments only to eligible low-income households;
- (3) conduct outreach activities;
- (4) coordinate LIHEAP activities with similar and related programs;
- (5) provide, in a timely manner, that the highest level of assistance will be furnished to those households with the lowest incomes and highest energy costs in relation to income, taking into account family size, except that the state may not differentiate between categorically eligible and income eligible households;
- (6) give consideration to agencies that have previously managed the program when designating local agencies to carry out the purposes of the program;
- (7) assure that energy suppliers receiving benefits directly on behalf of eligible households not treat assisted households adversely;
- (8) treat owners and renters equitably;
- (9) use not more than 10 percent of its allotment for planning and administration;
- (10) establish fiscal control and accounting procedures for proper disbursement of and accounting for federal funds, establish procedures for monitoring assistance provided, and prepare an annual audit;
- (11) permit and cooperate with federal investigations;
- (12) provide for public participation in the development of its plan;
- (13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance are denied or not acted on with reasonable promptness;
- (14) cooperate with HHS in collecting and reporting data under section 2610 of the statute;
- (15) provide outreach and intake through additional state and local government entities or community-based organizations under certain circumstances; and
- (16) use no more than 5 percent of funds to encourage and enable households to reduce their home energy needs.

### Eligibility

The unit of eligibility for energy assistance is the household, defined as any individual or group of individuals who are living together as one economic unit for which residential energy is customarily purchased in common, either directly or through rent. The Act limits payments to those households with incomes under the greater of 150 percent of the

income guidelines or 60 percent of the state's median income; or to those households with members receiving Aid to Families with Dependent Children (AFDC) (replaced by the Temporary Assistance for Needy Families (TANF) program), Supplemental Security Income (SSI), food stamps, or need-tested veterans' benefits. No household may be excluded from eligibility on the basis of income alone if household income is less than 110 percent of the poverty guidelines. States are permitted to set more restrictive criteria as well.

### Payments

States make fuel assistance payments directly to eligible households or to home energy suppliers on behalf of eligible households. Payments can be provided in cash, fuel, prepaid utility bills, or as vouchers, stamps, or coupons that can be used in exchange for energy supplies. Payments are to vary in such a way that the highest level of assistance is furnished to households with the lowest income and highest energy costs in relation to income, taking into account family size.